

Message Text

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PAGE 01 STATE 134950

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FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS PRIORITY

USMISSION OECD PARIS PRIORITY

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FOLLOWING SENT ACTION SECSTATE INFO CANBERRA FROM WELLINGTON
DATED 24 JUNE 74 REPEATED TT YOU

QUOTE

LIMITED OFFICIAL USE WELLINGTON 1952

PASS AGRICULTURE FOR SECRETARY BUTZ, ASST. SEC. YEUTTER AND
GIFFORD FROM BELL.

EO 11652: NA

TAGS: EAGR

SUBJECT: EEF IMPORTS

1. HAD LUNCHEON MEETING JUNE 22 WITH COL. MCARTHUR, CHAIRMAN,
AUSTRALIAN MEAT BOARD, AND LEGE, AGATTACHE, CANBERRA, DURING
SYDNEY STOPOVER EN ROUTE WELLINGTON. MCARTHUR MADE SPECIAL
TRIP FROM MELBOURNE FOR MEETING.

2. MCARTHUR EXTREMELY CONCERNED ABOUT CURRENT MEAT SITUATION.
HE LEAVING FOR BRUSSELS JUNE 24 WITH AUSTRALIAN DEPUTY SECRETARY
OVERSEAS TRADE FOR MEETING WITH LARDINOIS AND OTHER EC OFFICIALS.
MCARTHUR PARTICULARLY CONCERNED GOVERNMENTS NOT MAKE UNILATERAL
ACTIONS WHICH WILL FURTHER COMPLICATE FINDING SOLUTION TO CURRENT
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PAGE 02 STATE 134950

PROBLEM. HEBELIEVES STRONGLY THAT CURRENT PROBLEM RESULTS FROM

GOVERNMENTS INTERVENTIONS LAST YEAR. HE SAID ANY IMPORT EMBARGO BY US WOULD BE DISASTROUS FOR AUSTRALIAN MEAT INDUSTRY. I ADVISED THAT IMPORT EMBARGO HIGHLY UNLIKELY BUT CONGRESS EXERTING STRONG PRESSURE FOR IMPOSITION OF QUOTAS UNDER 1964 MEAT IMPORT LAW.

3. MCARTHUR CONFIDENT THAT AUSTRALIAN MEAT ARRIVALS IN US DURING 1974 WILL BE 50,000 TONS BELOW LAST YEAR. THIS WOULD PUT US IMPORTS OF AUSTRALIAN MEAT AT ABOUT 600 MILLION POUNDS WHICH WOULD BE 340 MILLION POUNDS LESS THAN USDA MARCH ESTIMATE AND NEAR LEVEL NEEDED FOR GLOBAL IMPORTS TO BE WITHIN TRIGGER LEVEL 1,131 MILLION POUNDS. DESPITE MCARTHUR'S CONFIDENT TONE I NOT YET CONVINCED AUSTRALIAN ARRIVALS WILL BE THIS LOW. MATTER WILL BE PURSUED FURTHER WITH AUSTRALIAN GOVERNMENT OFFICIALS IN CANBERRA ON JUNE 25. MCARTHUR ASKING HIS STAFF PREPARE DATA SPECIFICALLY FOR JUNE 25 MEETING.

4. MCARTHUR ATTRIBUTES DECLINE IN AUSTRALIAN EXPORTS TO US TO LOW BUYING PRICES FOR MANUFACTURING GRADE BEEF IN US MARKET, BEST PASTURE CONDITIONS IN HISTORY IN AUSTRALIA, STRONG FINANCIAL POSITION OF AUSTRALIAN PRODUCERS AND AUSTRALIAN CURRENCY APPRECIATION AGAINST US DOLLAR WHICH MAKES CURRENT US PURCHASE PRICES VERY UNATTRACTIVE WHEN CONVERTED TO AUSTRALIAN FUNDS. MCARTHUR SEES ULTIMATE SOLUTION TO CURRENT PROBLEM IN LETTING MARKET FORCES WORK AND THE REOPENING OF JAPANESE AND EC MARKETS. HE OPTIMISTIC JAPANESE MARKET WILL BE REOPENED BEFORE SEPTEMBER. BELIEVES JAPANESE STANCE WILL CHANGE AFTER JULY 7 ELECTION FOR UPPER HOUSE OF DIET.

5. MCARTHUR MADE POINT AUSTRALIA HAS BEEN CONSTRUCTIVE IN ATTEMPTING TO EASE PRESSURE IN US MARKET BY NOT DIVERTING HIGHER QUALITY AUSTRALIAN BEEF TO US MARKET. AUSTRALIAN EXPORTS TO US KEPT SOLELY TO MANUFACTURING GRADE. SURPLUS HIGH QUALITY BEEF BEING DIVERTED TO DOMESTIC MARKET. HE SAID AUSTRALIA WILL CONTINUE PRESENT POLICY OF NOT DIVERTING HIGHER QUALITY BEEF TO US MARKET. SELDEN UNQUOTE KISSINGER

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